

**STATEMENT OF PROCEEDINGS FOR THE SPECIAL MEETING OF THE  
CITY OF MONTEBELLO OVERSIGHT BOARD**

**CITY OF MONTEBELLO  
CITY COUNCIL CHAMBERS  
1600 WEST BEVERLY BOULEVARD  
MONTEBELLO, CALIFORNIA 90640**

**Tuesday, December 11, 2012**

**8:15 a.m.**

AUDIO LINK FOR THE ENTIRE MEETING. (13-0066)

**Attachments:**    [Audio](#)

**I. CALL TO ORDER**

**Chair Bruckner called the meeting to order at 8:20 a.m.**

**II. ROLL CALL**

**Ivonne Umana, Oversight Board Staff, called the roll.**

**Present:**            **Board Members Edgar Cisneros, Yolanda Duarte,  
Cheryl A. Plotkin, Vice Chair Ernesto Hidalgo and  
Chair Richard Bruckner**

**Absent:**            **Board Member Dolores Gonzalez-Hayes**

**Vacancies:**      **Community College Appointee**

**III. CLOSED SESSION**

1. Oversight Board Counsel shall provide a briefing on the items listed for Closed Session as follows:

**CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION**

(Subdivision (a), of Government Code Section 54956.9)

Sevacherian, et al. v. Community Redevelopment Agency of the City of  
Montebello, Los Angeles County Superior Court Case No. BC437787) (12-2793)

**By Common Consent, there being no objection (Board Member  
Gonzalez-Hayes being absent and Community College Appointee being  
vacant), the Oversight Board entered into Closed Session at 8:20 a.m.**

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**Closed Session adjourned and Open Session reconvened at 8:46 a.m. with the following Board Members present: Edgar Cisneros, Yolanda Duarte, Cheryl A. Plotkin, Vice Chair Ernesto Hidalgo, and Chair Richard Bruckner.**

**Chair Bruckner reported that there was no reportable action taken.**

#### **IV. STAFF COMMUNICATIONS**

This time is set aside for Successor Agency staff to update the Board on important items initiated by staff or previously requested by the Oversight Board.

- 2. Update by the Successor Agency Legal Counsel on the two Meet and Confer meetings in Sacramento. (12-5722)**

**Christopher G. Cardinale, Successor Agency Legal Counsel, presented a verbal report to the Oversight Board pertaining to the "Meet and Confer."**

**Mr. Cardinale apprised the Oversight Board that on November 13, 2012, the City Manager and Successor Agency staff traveled to Sacramento and met with the Department of Finance (DOF) representatives to discuss and dispute Line Items that were denied by the DOF on the Recognized Obligation Payment Schedule for the period of January 1, 2013 through June 30, 2013 (ROPS 3). Mr. Cardinale reminded the Oversight Board that ROPS 3 was approved in October 2012; however, the DOF issued an initial determination letter of the disapproved Line Items on the ROPS 3. Mr. Cardinale further informed the Oversight Board that current legislation authorizes the Successor Agency to request a "Meet and Confer" within five business days of receipt of the determination letter. Francesca Tucker-Schuyler, Interim City Administrator/Director of Finance, further explained that the majority of the amount denied is related to one debt service and that it is the Certificate of Participation (COP), which has been in dispute between the Successor Agency and the DOF.**

**Mr. Cardinale provided to the Oversight Board the following briefing on their Meet and Confer with DOF:**

**The first item in discussion pertains to the 2000 Certificate of Participation (COP) reimbursement agreements, which were issued by the State to fund capital improvement projects that would benefit the City's redevelopment areas. The City and the Redevelopment Agency had agreed on a reimbursement agreement that the Redevelopment Agency would make the payments for the City. Under the COP, the money would come from the projects. The DOF explained that those are not enforceable agreements. Mr. Cardinale explained that the reimbursement agreements were in place before the law came into effect. Ms. Tucker-Schuyler also added that the agreements go back to 1992 and its debt service is for three City buildings:**

**City Hall, Police and Fire Stations.** The City acquired the debt because it had a better credit rating than the Redevelopment Agency (RDA), and the interest rate was more favorable for the City. Mr. Cardinale informed the Board that the DOF noted that they would receive a response by December 15, 2012.

The second item in discussion pertains to the Low and Moderate Income Housing deferral amounts owed to the former Redevelopment Agency. These items were listed on ROPS 3 as place holders. The Successor Agency did not request repayment for any of these items, and legislation deems these as enforceable obligations, pending Oversight Board approval of payment schedule and amounts maybe be repaid in Fiscal Year 2013-14. Mr. Cardinale commented that an understanding was reached with the DOF and can be re-included in future ROPS once they qualify for repayment.

Board Member Duarte and Chair Bruckner questioned the amount the Oversight Board may see in future ROPS. Ms. Tucker-Schuyler responded that it was approximately \$75,000. Mr. Cardinale clarified that the items would be brought before the Oversight Board once it is available for repayment.

Board Member Duarte inquired about Item No. 1. Ms. Tucker-Schuyler provided Ms. Duarte an explanation regarding the money amounts on this item. Mr. Cardinale further explained that those items relate to ROPS I and II and that those items were previously denied items, but could be resubmitted for reconsideration.

Mr. Cardinale explained to the Board that the third and final item is for certain administrative expenses related to project specific maintenance costs incurred by the Successor Agency, and Oversight Board legal fees.

Board Member Duarte had a question regarding item No. 2. Ms. Tucker-Schuyler explained to Board Member Duarte that item No. 2 is only a transaction between housing and Successor Agency and that it does not involve any cash flow.

Mr. Cardinale informed the Board that legislation requires two separate DDR's. The first is the Redevelopment Agency Low and Mod Housing funds this audit was prepared by an independent auditor in collaboration with the Successor Agency the audit was brought before the Board for approval and the Board approved what is called the DDR and then it was submitted to the DOF for further review. The DOF made the determination that \$380,000.00 of the \$9 million dollars balance of the Low and Mod Fund was encumbered so the DDR identified that \$380,00.00 as available for

allocation to the proper taxing entities. Mr. Cardinale then explained that if balances that are legally dedicated and restricted to certain uses. Chair they omit those that they would be in violation of the contract terms of those bonds in addition legislation allowed the Successor Agency to retain Bruckner wanted to know if the bond holders were aware of the current situation and also if the bonds were in danger of default. Mr. Cardinale informed Chair Bruckner that the DOF has found those bonds as enforceable obligations so it's just a matter of payment source whether it's going to be paid with the Low Mod fund or to the pre-tax.

After discussion, by Common Consent, there being no objection (Board Member Gonzalez-Hayes being absent and Community College Appointee being vacant), the Oversight Board accepted Mr. Cardinale's report.

3. Update on the review of the Successor Agency of Montebello's "Prior Period Estimated Obligations vs. Actual Payments" of the Recognized Obligation Payment Schedule for the period of January 1, 2013 through June 30, 2013. (12-5724)

Mr. Cardinale gave an oral report on the Successor Agency of Montebello's "Prior Period Estimated Obligations vs. Actual Payments" of the Recognized Obligation Payment Schedule for the period of January 1, 2013 through June 30, 2013. (12-5724).

Mr. Cardinale informed the Oversight Board that they received a letter from the Los Angeles County Auditor Controller's Office. Mr. Cardinale further explained that in a provision to the legislation, which authorized the County to recalculate an offset amount that the Successor Agency was overpaid prior to being created and not used to fund enforceable obligations. The County's determination was based on \$3.3 million and those relate to the debt services obligations that the City paid on reimbursement agreements during the initial ROPS periods. So the County's determination is tied to the findings made by the DOF. If the DOF approves the items that are in dispute then the calculations made by the County would be inaccurate and these items would become enforceable obligations. Mr. Cardinale informed the Oversight Board that they are allowed to dispute the findings by the County are drafting a letter to respond to the County; Chair Bruckner requested that a copy of the letter be sent to the Board.

After discussion, by Common Consent, there being no objection (Board Member Gonzalez-Hayes being absent and Community College Appointee being vacant), the Oversight Board accepted Mr. Cardinale's report.

**V. ADMINISTRATIVE MATTERS**

4. Recommendation: Approve the minutes for October 9, 2012. (12-5163)

**On motion of Board Member Cisneros, seconded by Board Member Duarte, duly carried by the following vote, the Oversight Board approved the October 9, 2012 Minutes:**

**Ayes:** 5 - Board Members Cisneros, Duarte, Plotkin,  
Vice Chair Hidalgo and Chair Bruckner

**Absent:** 1 - Board Member Gonzalez-Hayes

**Vacancies:** 1 - Community College Appointee

**Attachments:** [October 9, 2012 Minutes](#)

**VI. DISCUSSION**

5. Discussion on the All Funds Due Diligence Review (DDR) report as prepared by an independent Auditor; and set a date to convene a public comment session. (12-5507)

**Michael Huntley, Director of Planning and Community Development, presented the Oversight Board with the All Funds Due Diligence Review (DDR) report as prepared by Vasquez and Company LLP;**

**Mr. Huntley, presented to the Oversight Board the All Funds Due Diligence Review (DDR) report as prepared by Vasquez and Company LLP and informed Oversight Board that the report had been completed on the evening of December 10, 2012. Mr. Huntley then briefed the Oversight Board on the due dates and procedures that need to be taken to meet the Department of Finance (DOF) deadlines. He also informed the Oversight Board that an open public comment session has to be open for five business days prior to the approval of the report giving the public an opportunity to comment on the report.**

**Mr. Huebsch, Oversight Board Legal Counsel, addressed the Oversight Board and explained the procedures of an open public comment session and advised the Oversight Board not to open public comment session at this time to allow the Oversight Board and members of the public additional time to review the report.**

Ms. Arriola, member of the public addressed the Board and voiced her concerns pertaining to the property amounts and the Chevrolet dealership lease and legal fees. Ms. Tucker-Schuyler addressed Ms. Arriola's concern and informed the Oversight Board that the legal fees were due to the pending litigation, and further explained that the Montebello Hills has nothing to do with what is included in the DDR. Mr. Huntley furthered clarified that the properties in question by Ms. Arriola would be addressed when the Successor Agency prepares the Long Range Property Management Plan, which would be presented to the Oversight Board for their review.

After discussion, by Common Consent, there being no objection (Board Member Gonzalez-Hayes being absent and Community College Appointee being absent), the Oversight Board received and filed the staff report.

Attachments: [Staff Report](#)  
[All Fund Due Diligence Review](#)  
[Resolution](#)

## **VII. MISCELLANEOUS**

6. Matters not on the posted agenda (to be presented and placed on the agenda of a future meeting). (12-5165)

**There were none.**

7. Public Comment. (12-5166)

Ms. Arriola, member of the public, requested information on the December 19, 2012 meeting and enquired as to how the public would be provided with a copy of the Due Diligence Review (DDR). The Successor Agency informed the Oversight Board and the member of the public the DDR will be posted on the City's website, and members of the public can request a copy from the City Clerk's Office.

8. Adjournment. (12-5167)  
**The meeting adjourned at 9:47 a.m. A Special Meeting is scheduled for Wednesday, December 19, 2012 at 8:15 a.m. in the City's Council Chambers.**

